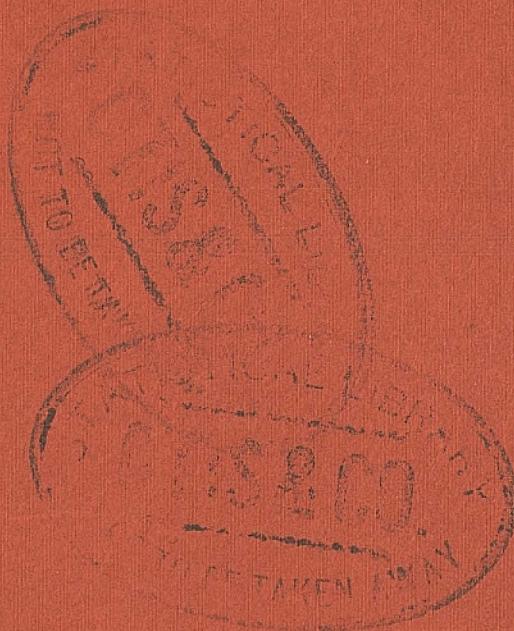


THE COCA-COLA COMPANY

ATLANTA, GA.



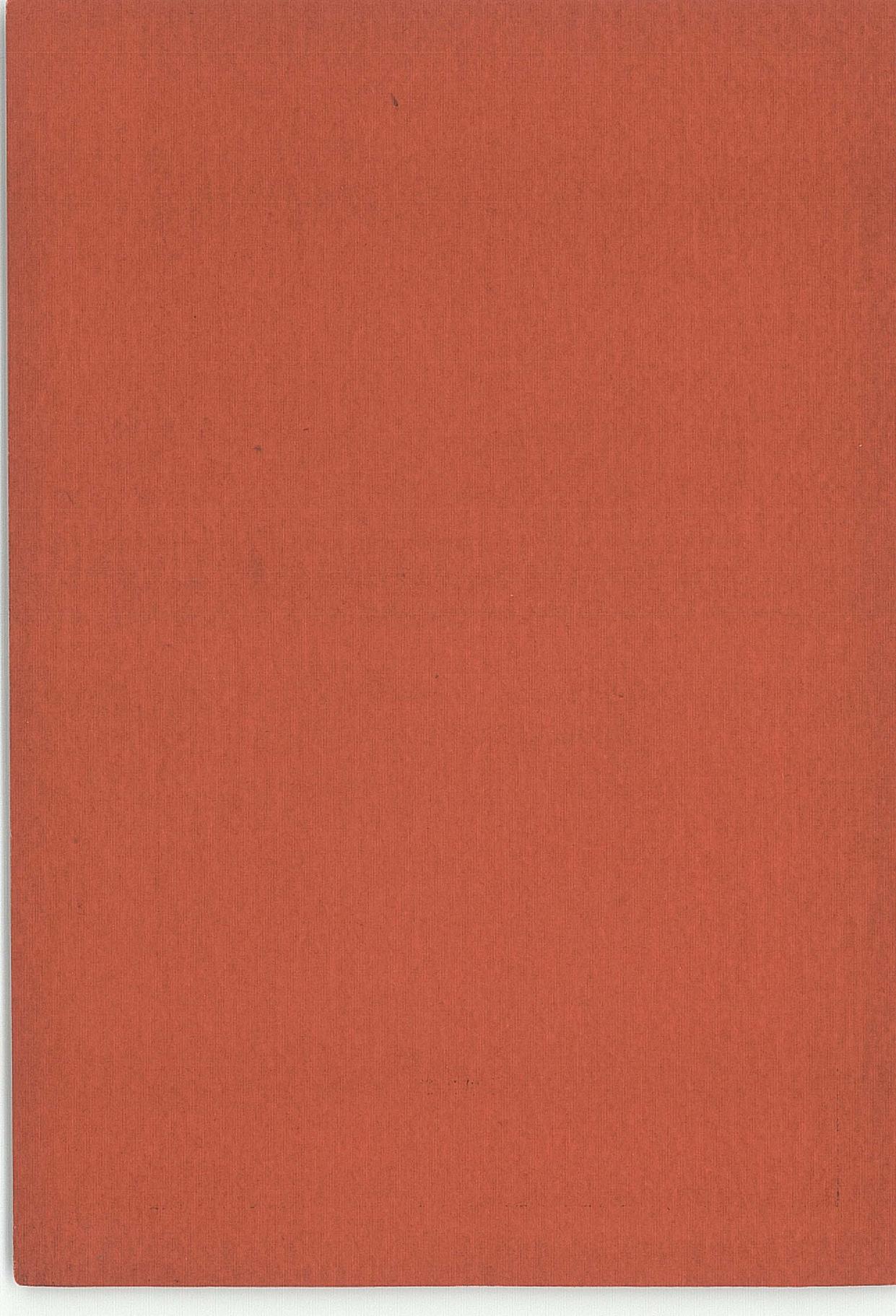
ANNUAL REPORT
TO THE STOCKHOLDERS

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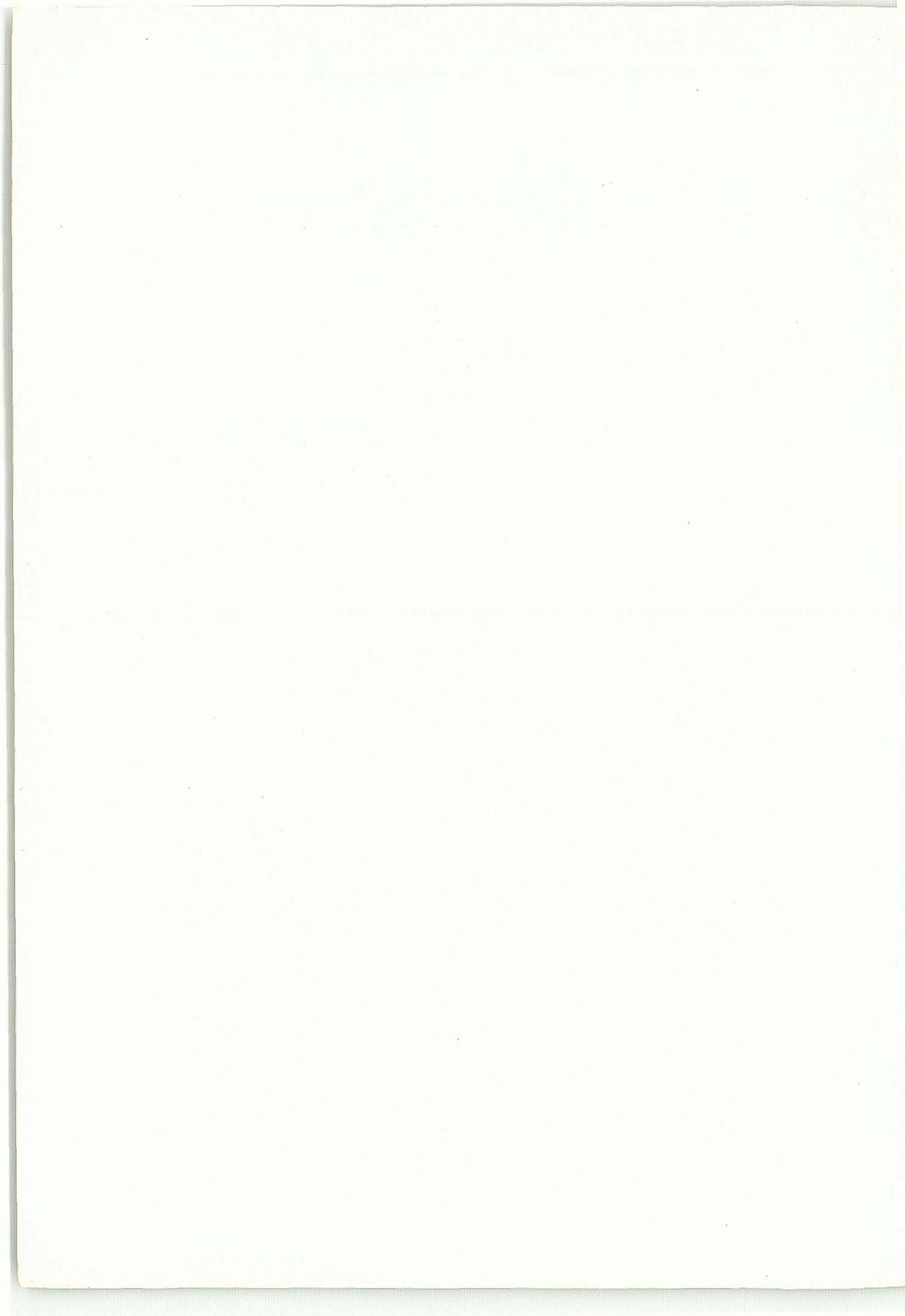


1922

THE COCA-COLA COMPANY
ATLANTA, GA.

**ANNUAL REPORT
TO THE STOCKHOLDERS**

1922



Executive Officers and Directors of The Coca-Cola Company

♦

OFFICERS

CHAIRMAN OF THE BOARD OF DIRECTORS

W. C. BRADLEY

PRESIDENT

CHARLES H. CANDLER

VICE-PRESIDENTS

W. P. HEATH.....	<i>In Charge of Production</i>
HARRISON JONES.....	<i>In Charge of Sales</i>
B. S. McCASH.....	<i>In Charge of Advertising</i>

SECRETARY

WILLIAM CANDLER

TREASURER

S. F. BOYKIN

DIRECTORS

ROBT. W. ATKINS.....	Boston, Mass.
C. A. AUSTIN.....	New York, N. Y.
W. C. BRADLEY.....	Columbus, Ga.
CHARLES H. CANDLER.....	Atlanta, Ga.
MERREL P. CALLAWAY.....	New York, N. Y.
W. C. D'ARCY.....	St. Louis, Mo.
SAMUEL C. DOBBS.....	Atlanta, Ga.
T. K. GLENN.....	Atlanta, Ga.
CHARLES HAYDEN.....	New York, N. Y.
HAROLD HIRSCH.....	Atlanta, Ga.
JAMES H. NUNNALLY.....	Atlanta, Ga.
E. W. STETSON.....	New York, N. Y.
E. V. R. THAYER.....	New York, N. Y.
ERNEST WOODRUFF.....	Atlanta, Ga.

EXECUTIVE COMMITTEE

W. C. BRADLEY
CHARLES H. CANDLER
W. C. D'ARCY
T. K. GLENN

CHARLES HAYDEN
E. W. STETSON
E. V. R. THAYER
ERNEST WOODRUFF

GENERAL COUNSEL

CANDLER, THOMSON & HIRSCH
Atlanta, Georgia

TRANSFER AGENTS

GUARANTY TRUST COMPANY,
New York, N. Y.
TRUST COMPANY OF GEORGIA,
Atlanta, Ga.

REGISTRARS

CHASE NATIONAL BANK,
New York, N. Y.
CENTRAL BANK AND TRUST CORP.,
Atlanta, Ga.

THE COCA-COLA COMPANY
ATLANTA, GA.

February 27th, 1922.

To the Stockholders:

Your Board of Directors submits herewith its annual report of the business of The Coca-Cola Company and its subsidiaries for the year ended December 31st, 1921.

The comparative consolidated balance sheet showing the financial condition of the company as at December 31st, 1921, and at December 31st, 1920, together with a statement of income and profit and loss showing the results of the operations for the year ended December 31st, 1921, is appended.

In spite of adverse business conditions in practically all lines, it will be noted that the net profit for the year amounted to nearly four million dollars before writing down inventories, after which it was over two and three-quarter million dollars. This is equivalent to about \$3.25 per share for the common capital stock after provision for preferred stock dividends, Federal taxes and depreciation. The average profit per gallon was 17.4c as compared with 13.1c for 1920. With large bad debt losses in many lines, particularly in the South, we are glad to be able to report that ours have been less than one-tenth of one per cent of sales.

Although the Company's good will is by far its

most valuable asset, it will be noted with satisfaction that it is rapidly building up its tangible assets. More than a million dollars has been added to its net tangibles during the year ended December 31st, 1921, and the total of net tangible assets has now been increased to almost seven million dollars.

The outstanding achievement of the year 1921 is the large reduction in Notes Payable to banks. By reference to the balance sheet it will be noted that this indebtedness has been reduced from eight million five hundred thousand dollars to two million one hundred thousand dollars, a net reduction for the year of a little more than six million four hundred thousand dollars. The interest alone on this indebtedness amounted to sufficient to pay a common stock dividend of one dollar per share. Three items of extraordinary expense, which were necessary expenses incident to conditions peculiar to 1921—Exchange on Foreign Funds, \$52,298.39; Interest Paid, \$506,057.70; Legal Expense, \$235,703.43—will all be very much less for 1922. It is well to call your attention to the fact that, while the cash on hand shows a considerable decrease, this is practically accounted for in the increase of accounts receivable.

Your attention is respectfully invited to the fact that the Company will start the new year with a free surplus of over two million dollars and with the bulk of its high cost inventories liquidated and the remainder written down to market, thus accounting for the

decrease in the inventory as shown by statement. Therefore, the results of operations for the ensuing year should be very gratifying. Nineteen twenty-two should mark the beginning of a steady march forward in this business. Aside from two much needed main plants, relocating present inadequate plants, the building of which have been approved by your Board, we are properly and adequately equipped and manned to handle the business in the United States and Western Canada. Your Board is carefully considering and shaping its foreign policy, and, as conditions appear to warrant, the business will expand by first fully occupying those fields closest home. We should be able to carry out this program of expansion with net earnings after reasonable taxes and dividends. Our Sales Department is being deluged with applications to handle Coca-Cola throughout the world. We believe the foreign field should be occupied by direct representation, owning plants, manufacturing and bottling our product. The trade-mark, Coca-Cola, has been registered in the great majority of the foreign countries, and the legal rights of this Company are being fully established and protected.

The volume of sales for the year was considerably below expectations. This was due in the main to the condition of general depression which adversely affected all enterprises, also to the attitude of many bottlers who allowed themselves to become discouraged and get into a state of lethargy insofar as pushing the sale of Coca-Cola was concerned. The

bottlers' controversy, extending over an eighteen months period, at great expense, is entirely adjusted and all interests are working harmoniously.

The cost of manufacture has been reduced to such an extent that our prices to dealers, together with reduced costs to them of doing business, justifies and enables them to retail Coca-Cola at five cents per glass or bottle, as the case may be, which will have a very stimulating effect upon demand.

Subsidiaries

We own the entire capital stock of The Crystal Carbonic Laboratory, located at Atlanta, Ga. Theirs is a most complete and efficient carbonic acid gas and epsom plant, and, being located in the center of largest users of carbonic acid gas, our facilities for making shipments direct to bottlers in cars with Coca-Cola should secure for us the accounts of the largest bottlers in the section, thereby increasing our output.

Notwithstanding the fact that this company expensed the cost of moving from the old plant to its present location and charged off, account of obsolescence, at the old plant, some large amounts, it is gratifying that a profit on operations was shown.

The Coca-Cola Company for France operates our Paris bottling plant. This being its first year, an operating loss was sustained. However, we are confident it will prove to be a profitable investment.

Legal Status

At this juncture it would be well to consider the present legal status of some of the assets of this company, particularly that portion which refers to the trade-mark.

At the organization of this Company there was pending in the Supreme Court of the United States a case that involved the legality of the trade-mark, Coca-Cola. Since the formation of the Company this case has been decided by the highest court of the land, with the result that Coca-Cola has been held to be the valid trade-mark of this Company. The importance of this decision can readily be realized.

Also, during the year an important case has been decided by the Circuit Court of Appeals for the Third Circuit, that court holding that Taka-Kola was an infringement of Coca-Cola. This case is of importance because it rather defines some of the trade rights of the Company.

It is also well to call attention to a recent decision in the District Court of the United States for the Northern District of Georgia, which had under consideration the question of unfair competition, that court holding that a dealer having a soda fountain could not dispense any product on calls for Coca-Cola other than the product of this Company.

During the year the Federal taxes have been revised, and there now is in existence the Federal Tax

Act of 1921. It is important to note that while a great many of the luxury taxes were dispensed with, nevertheless a tax has been put upon soft drink syrups, and at this time there is a tax of nine cents per gallon upon Coca-Cola syrup when sold to the fountains, and five cents per gallon when sold for bottling purposes.

The legal results have been highly satisfactory to your officers and agents, inasmuch as it appears that the trade rights of this Company have been established by the highest courts of the land, but at the same time it is well to call your attention to the fact that as the burdens of the Government become heavier and heavier, there is a disposition to place taxes upon the soft drink industry.

Your Board of Directors are, therefore, glad to report that, while generally the year 1921 was one of depression, this Company has shown progress not only in the making of a profit, but in placing its business affairs upon a very sound foundation, and the coming year commences with bright prospects for the future welfare of this Company.

Respectfully submitted,



President.

Manufacturing Plants

Location	Address	Daily Capacity	Max.
Atlanta, Ga.	224 W. North Avenue	50,000 gals.	
Baltimore, Md.	1215 E. Fort Avenue	35,000 gals.	
Chicago, Ill.	1322-30 Wabash Avenue	12,500 gals.	
Dallas, Texas	Lamar and Cochran Streets	20,000 gals.	
Kansas City, Mo.	21st and Grand Avenue	10,000 gals.	
Los Angeles, Cal.	4th and Merrick Streets	5,000 gals.	
New Orleans, La.	Canal and Front Streets	25,000 gals.	
New York, N.Y.	330 W. 27th Street	5,000 gals.	
Philadelphia, Pa.	642 N. 8th Street	4,000 gals.	

Manufacturing and Bottling Plants

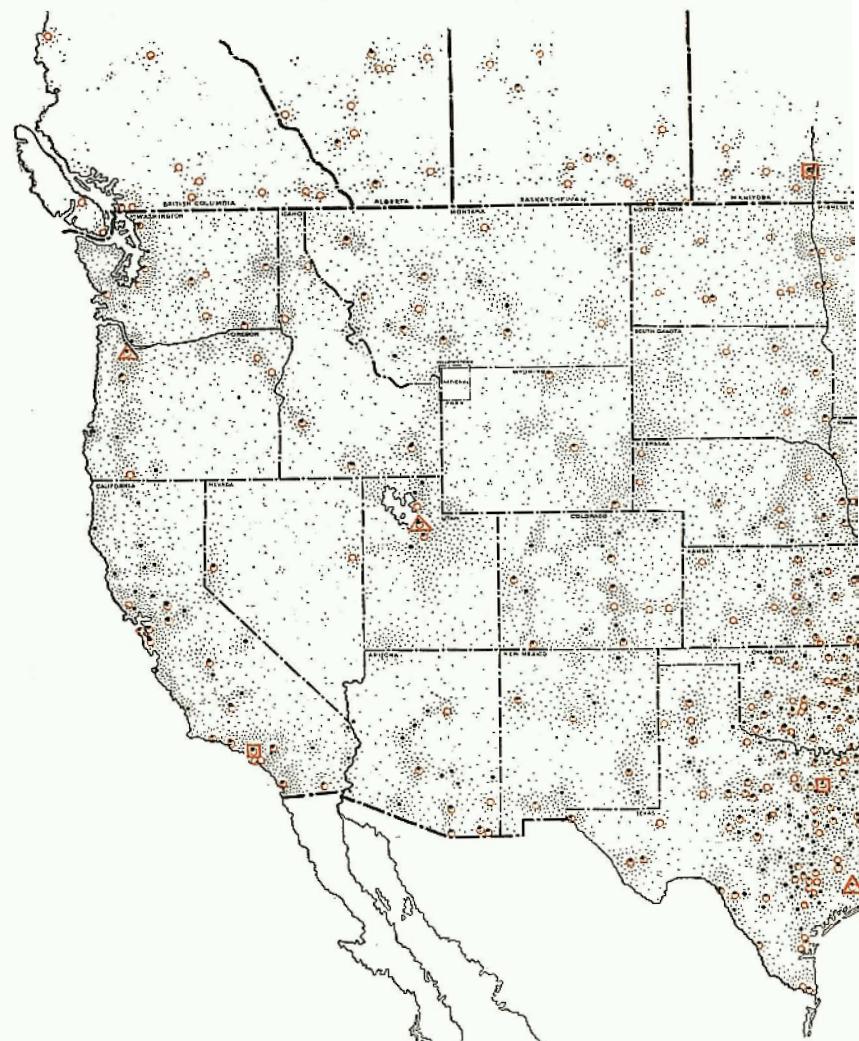
Location	Address	Gallons	Cases	Max.
Montreal, Que., Canada	30 Vallee Street	3,000	1,000	
Toronto, Ont., Canada	65 Bellwoods Avenue	2,000	1,000	
Winnipeg, Man., Canada	Dagmar and Banatyne	4,000	1,500	
Havana, Cuba	7 Alejandro Ramires	1,250	2,000	
Santiago, Cuba	Paseo Marti and Calle E...	625	1,000	

Bottling Plants

Location	Address	Daily Capacity	Max.
Brandon, Man., Canada	12th Street	1,000 cases	
Calgary, Alta., Canada	4th Avenue	1,000 cases	
Edmonton, Alta., Canada	102nd Street	1,000 cases	
Hamilton, Ont., Canada	55 Vine Street	1,000 cases	
Lethbridge, Alta., Canada	8th Street	1,000 cases	
Moose Jaw, Sask., Canada	River Street, W.	1,000 cases	
Ottawa, Ont., Canada	340 Queen Street	1,200 cases	
Paris, France	35 Rue La Quintinie	500 cases	
Port Arthur, Ont., Canada	110 Second Street	500 cases	
Regina, Sask., Canada	Cornwall Street	1,000 cases	
Saskatoon, Sask., Canada	Third Avenue	1,000 cases	
Vancouver, B. C.	Granville Street, Corner Smithe Street	1,000 cases	

Offices

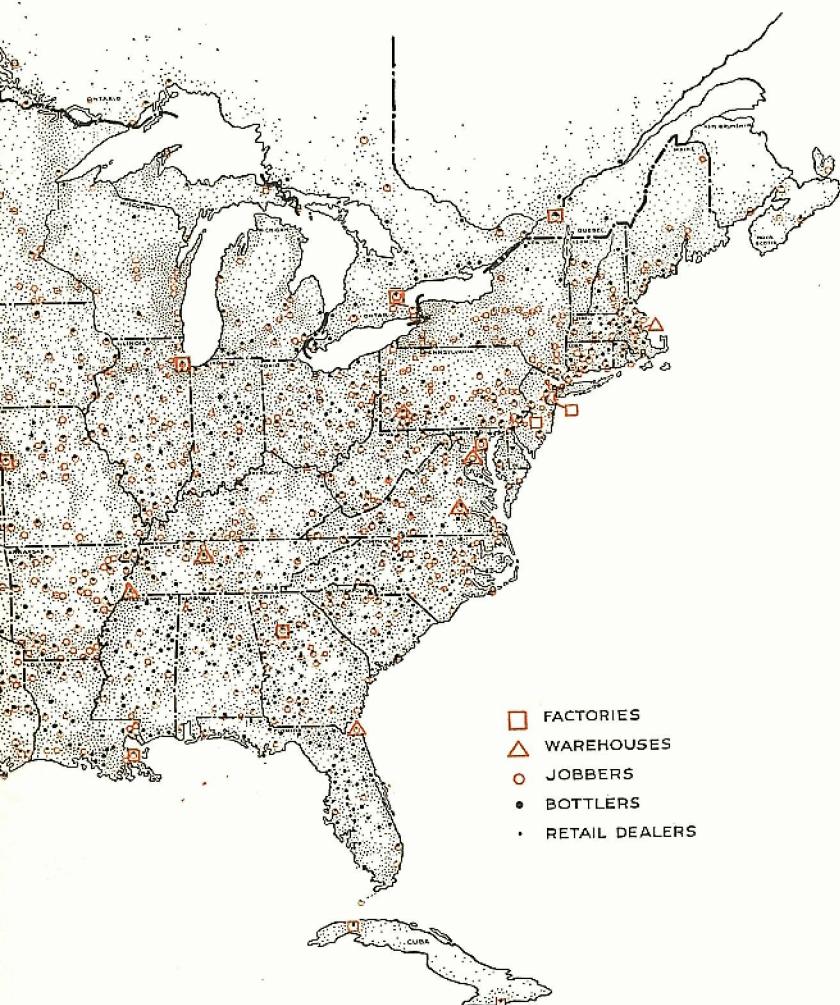
Location	Address
Boston, Mass.	117 Albany Street
Pittsburgh, Pa.	Room 3, Terminal Building
Washington, D. C.	16-18 D Street, N. W.



COCA-COLA'S DIST

(Exclusive of o

14 regional syrup factories
10 divisional warehouses
2,000 jobbers



DISTRIBUTION SYSTEM

(overseas markets)

1,200 bottlers

105,000 fountain dealers and

150,000 bottle dealers

The report of the United States Commissioner of Internal Revenue for the year ending June 30th, 1921, gives the taxes paid by the soft drink industry for that year as \$58,290,261.81. On this basis the public that year spent, in round figures, \$691,000,000 for these drinks.

These figures reveal the sales possibilities in a market in which Coca-Cola is the unquestioned leader.

Prophetic Facts

Coca-Cola virtually was the beginning and has always set the pace of the modern soft drink industry. Coca-Cola was introduced 36 years ago, and its gradual increase in sales is an exact parallel to the steady growth of the popularity of soft drinks in general. The familiar Coca-Cola sign on a store window stands in the public mind as the emblem of standard American soda fountain service. Coca-Cola in its distinctive bottle typifies American taste in a bottled beverage.

Nothing is more typically American than the place of soft drinks in the customs of the people.

Dr. W. E. Aughinbaugh, export editor of the New York Commercial, in a recent article in his paper, said: "For nearly a quarter of a century the American institution of the soda fountain was ignored and taboo abroad. Now this same soda fountain is coming into its own in foreign cities everywhere."

* * *

Such a business as Coca-Cola must rest on some fundamental human desire. Coca-Cola was conceived to scientifically satisfy thirst, without the need of a glass of water afterwards. The institution of Coca-Cola has been built through satisfying thirst. Coca-Cola's opportunity is measured by thirst.

A dominant note in Coca-Cola's appeal to the public, and one which reflects its opportunity in business, is struck in the advertisement reproduced on the last page of this book, an advertisement which is an example of the twelve months' advertising that has been inaugurated: "Thirst knows no season."

* * *

Knowing no season, thirst knows no restrictions of latitude and longitude. Coca-Cola is a favorite in Canada, the land known as the "Lady of the Snows," and in tropical Cuba.

* * *

Only in two periods in the 36 years that Coca-Cola has been on the market have sales failed to show a steady increase.

The first was in 1918, the year of the patriotic depression, when the United States Food Administration restricted the use of sugar to 50 per cent of normal. Sugar is the base of Coca-Cola. Only pure cane sugar is used. The Coca-Cola Company is the largest consumer of sugar in the world.

The second period was the post-war depression, when no business escaped the downward trend of deflation. Few concerns are showing so rapid a recovery from the conditions of 1920 and 1921 as The Coca-Cola Company.

* * *

Coca-Cola's true place in industry cannot be appreciated without knowl-

edge of its manufacturing, distribution and sales facilities:

Fourteen regional factories. Ten divisional warehouses. Twelve hundred bottlers. Two thousand jobbers. One hundred and five thousand fountain dealers. One hundred and fifty thousand bottle dealers.

These are knitted into an organization with the purpose of joining the selling force of all into a single selling force behind every ounce of Coca-Cola that is manufactured.

Consolidated Profit and Loss Statement

The Coca-Cola Company, Atlanta, Ga.
and Its Subsidiaries



Year Ended December 31st, 1921

SALES.....	\$28,464,598.96
<i>Less:</i> Cost of goods sold, including freight on sales, discounts and allowances.....	21,189,706.23
Gross operating profit.....	\$ 7,274,892.73
<i>Less:</i> Expenses, selling, branch, administrative, and general.....	3,928,884.29
Net operating profit.....	\$ 3,346,008.44
<i>Less:</i> Other net deductions, interest, etc.....	575,018.31
Net profit before Federal taxes.....	\$ 2,770,990.13
<i>Less:</i> Reserve for Federal income and profits taxes	425,000.00
Net profit.....	\$ 2,345,990.13

Analysis of Surplus Account

Profit for year 1921 from Profit and Loss Statement	\$ 2,345,990.13
Less Preferred and Common dividends paid (see footnote) ..	1,200,000.00
Net profit left to add to surplus.....	\$ 1,145,990.13
Surplus at beginning of year.....	1,062,054.77
Surplus at December 31st, 1921.....	\$ 2,208,044.90

June 30th, 1921—Preferred....	\$ 350,000.00
October 31st, 1921, Common....	500,000.00
December 31st, 1921, Preferred.	350,000.00
	\$1,200,000.00

Auditors' Certificate

We Hereby Certify:

That we have audited the books of account and record of THE COCA-COLA COMPANY and its subsidiaries, Atlanta, Georgia, and that, based upon our examination and information obtained, it is our opinion that the annexed Consolidated Balance Sheet is drawn so as to correctly reflect the financial position of the Companies, at December 31st, 1921, and that the relative Operating and Profit and Loss Surplus Statements are correct.

ERNST & ERNST,
Public Accountants
and Auditors.

Atlanta, Georgia,
February 6th, 1922.

Consolidated Condensed Comparative Balance Sheet
The Coca-Cola Company, Atlanta, Georgia, and Its Subsidiaries
December 31st, 1921, and December 31st, 1920

ASSETS	December 31st, 1921	December 31st, 1920	Increase
CURRENT			
Cash	\$ 894,808.49	\$1,967,139.23	D \$1,072,330.74
Government Securities	19,668.77	20,394.00	D 725.23
Bills Receivable	10,961.25	4,969.36	5,991.89
Accounts Receivable	1,704,224.53	836,368.49	867,856.04
Inventory	1,816,992.96	3,170,847.05	D 1,353,854.09
	<u>\$ 4,446,656.00</u>	<u>\$ 5,999,718.13</u>	<u>D \$1,553,062.13</u>
OTHER ASSETS			
Advances on Sugar Contracts		\$4,017,425.10	D \$4,017,425.10
Notes Receivable—Real Estate Sold	\$ 152,541.18	150,000.00	2,541.18
Notes Receivable—Stock Subscriptions ..	2,230.80	28,744.40	D 26,513.60
Sundry Notes and Accounts Receivable ..	127,820.50	110,126.00	17,694.50
	<u>282,592.48</u>	<u>4,306,295.50</u>	<u>D 4,023,703.02</u>
PERMANENT			
Land	\$1,069,297.22	\$1,025,521.53	\$ 43,775.69
Buildings	2,712,075.31	2,147,260.99	564,814.32
Machinery and Equipment	1,447,042.97	1,267,200.09	179,842.88
Bottles and Cases	1,269,880.16	714,906.37	554,973.79
	<u>\$6,498,295.66</u>	<u>\$5,154,888.98</u>	<u>\$1,343,406.68</u>
Less: Allowance for Depreciation	731,204.58	304,884.24	D 426,320.34
	<u>5,767,091.08</u>	<u>4,850,004.74</u>	<u>917,086.34</u>
FORMULAE, TRADE-MARKS AND GOOD WILL	<u>24,966,230.09</u>	<u>24,960,222.58</u>	<u>6,007.51</u>
DEFERRED CHARGES			
Prepaid Interest and Unexpired Insurance	47,375.24	88,977.90	D 41,602.66
	<u>\$35,509,944.89</u>	<u>\$40,205,218.85</u>	<u>D \$4,695,273.96</u>

LIABILITIES

CURRENT

Notes Payable.....	\$2,165,750.00	\$8,409,668.64	D \$6,243,918.64
Accounts Payable.....	1,024,897.77	716,679.84	308,217.93
Accrued Accounts.....	2,752.22	5,522.58	D 2,770.36
	<u>\$ 3,193,399.99</u>	<u>\$9,131,871.06</u>	<u>D \$5,938,471.07</u>

DEFERRED

Real Estate Notes Due 1923-1925.....	81,500.00	107,250.00	D 25,750.00
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RESERVE

For Federal Taxes.....	427,000.00	300,000.00	127,000.00
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NOMINAL

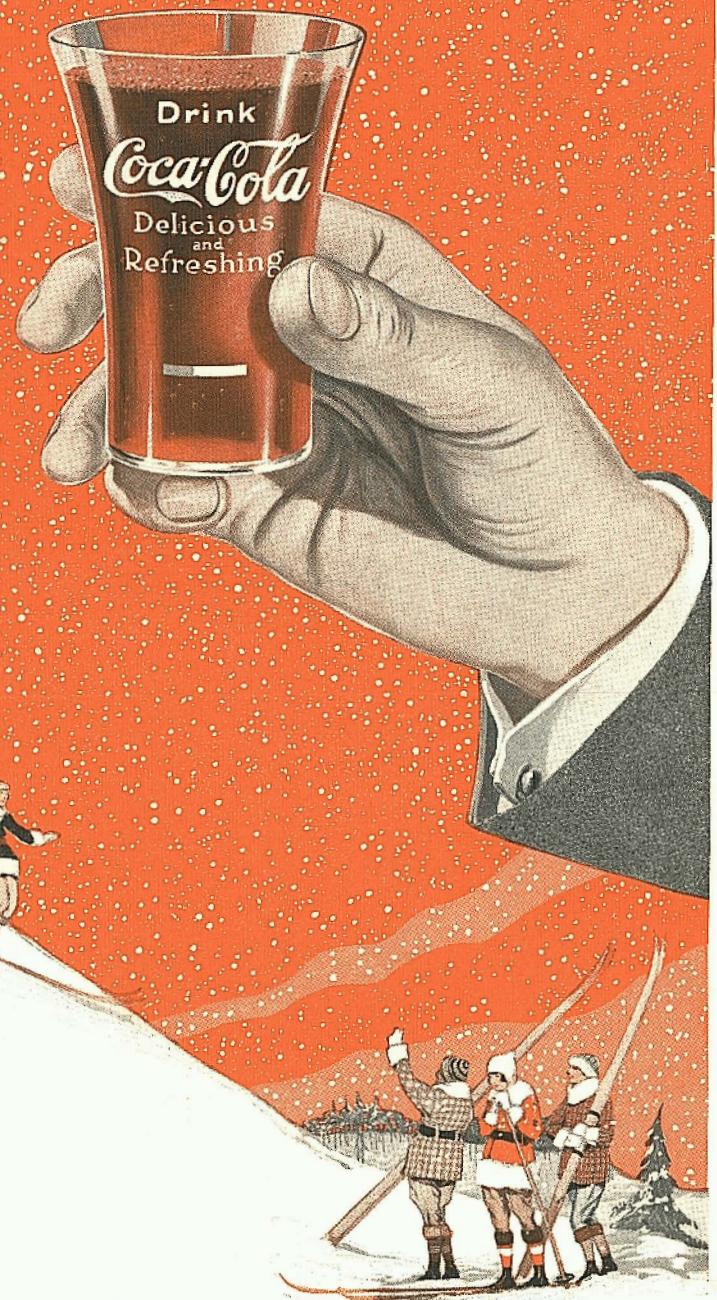
CAPITAL STOCK.....	25,010,000.00	25,010,000.00
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PROFIT AND LOSS SURPLUS

Paid in.....	\$4,590,000.00	\$4,590,000.00
Earned.....	2,208,044.90	1,066,097.79	\$1,141,947.11
	<u>6,798,044.90</u>	<u>5,656,097.79</u>	<u>1,141,947.11</u>
	<u><u>\$35,509,944.89</u></u>	<u><u>\$40,205,218.85</u></u>	<u><u>D \$4,695,273.96</u></u>

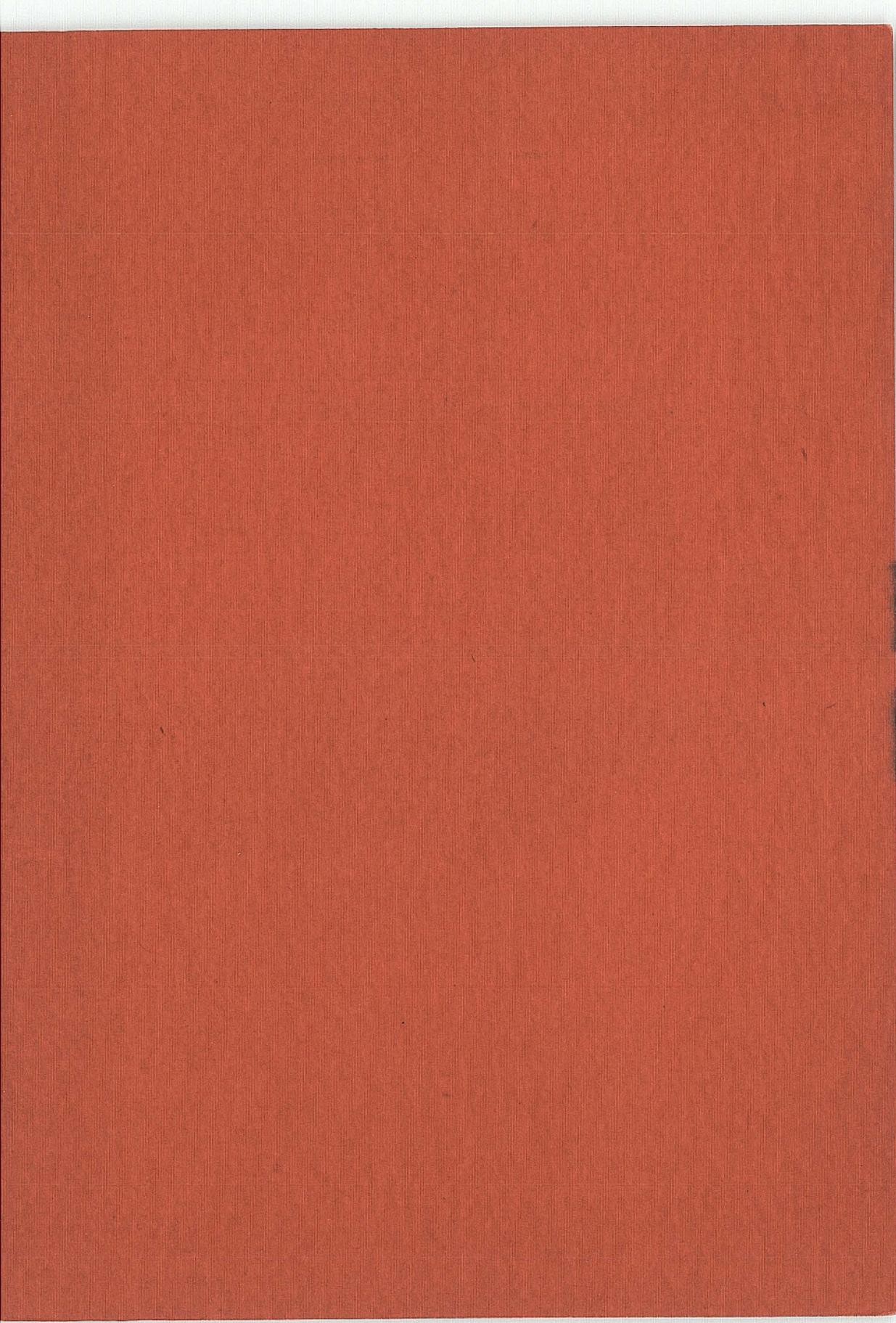
D—Decrease.

Thirst
knows
no
season



The Coca-Cola Company
Atlanta, Ga.

Reproduction of an advertisement in The Saturday Evening Post which is typical of the four-seasons advertising to appear throughout 1922.



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